

No. 15742. ✓

IN THE

# United States Court of Appeals

FOR THE NINTH CIRCUIT

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ELECTROFILM, INC.,

*Appellant,*

*vs.*

EVERLUBE CORPORATION OF AMERICA, A. R. BOOKER and  
K. TAYLOR,

*Appellees.*

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Appeal From the United States District Court for the  
Southern District of California, Central Division.

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## APPELLANT'S OPENING BRIEF.

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WALTER H. YOUNG,  
215 West Fifth Street,  
Suite 1201,  
Los Angeles 13, California,  
*Attorney for Appellant.*

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### Statement of Pleadings and Facts Disclosing Jurisdiction.

The pleadings in this case consist of:

1. A Complaint for Declaratory Judgment of Invalidity and Non-Infringement of U. S. Letters Patent, and for Unfair Competition [Tr. Vol. I, p. 3].
2. An Answer to the Complaint which pleads "unclean hands" [Tr. Vol. I, p. 13] as estoppel of the plaintiff to sue.
3. A Cross-Complaint for Patent Infringement and Unfair Competition [Tr. Vol. I, p. 32]. Paragraph VII of the Cross-Complaint which was the basic paragraph

relating to unfair competition was ordered stricken on motion [Tr. Vol. I, p. 39].

4. Answer thereto, again alleging invalidity of the patent on various grounds [Tr. Vol. I, p. 41].

The basis of the District Court's jurisdiction is that this is an action by Everlube Corporation of America arising under the Patent Laws of the United States and under Sections 1338b and 2201 of Title 28, United States Code for a Declaratory Judgment and invalidity and non-infringement and unenforceability of United States Letters Patent 2,703,768. This is pleaded as Paragraph IV of the Complaint [Tr. Vol. I, p. 4] the United States Court of Appeals having jurisdiction of appeals on patent matters, notice of appeal having been filed September 26, 1957 [Tr. Vol. I, p. 102].

The plaintiff alleges [Tr. Vol. I, p. 4] that Electrofilm, Inc., is the owner of United States Letters Patent 2,703-768 issued on March 8, 1955, on an amended application filed by Ralph D. Hall on April 26, 1950, for a process of bonding solid lubrication to a metal surface. The pleadings contend that the patent is invalid for various reasons, the basic ones insofar as this appeal is concerned being a contention that the patent is invalid because the alleged invention was patented or described in printed publication and was well known prior to the issuance of the patent, the applicant not being the original or first inventor, and the second basic ground of attack as set forth in the Complaint is that the alleged invention was in public use and sale more than one year prior to the amended application [Tr. Vol. I, pp. 8 and 9].

The Answer denies the basic claims of invalidity and sets up a separate defense [Tr. Vol. I, p. 16] that the plaintiff is estopped to contest the validity of the patent



by reason of “unclean hands” in that the plaintiff’s officers and employees were former employees of the defendant and so acquired defendant’s confidential knowledge, and that the plaintiff is duplicating defendant’s formulas and processes, and offered to sell such information to competitors, and has used the formula, test data, “know-how” and customer information of defendant so obtained to compete with the defendant.

Although both the Complaint and the cross-complaint refer to charges of unfair competition, this can be disregarded since the trial judge expressed his lack of interest in this phase of the case and counsel on both sides, for practical purposes, dropped this issue during the trial. The real issue raised by the pleadings and the evidence is on the question of whether there was prior invention and discovery in public use and whether the court should have permitted the defendant to introduce evidence of “unclean hands” to estop the plaintiff from attacking the validity of the patent on the grounds urged by the plaintiff.

There is no issue in this case on the validity of any statute.

### **Statement of the Case.**

The trial court rendered a judgment in favor of the plaintiff, adjudicating that the defendant’s United States Letters Patent 2,703,768 were invalid for anticipation under Subdivisions A, B and G, Section 102 of Title 35, United States Code, and solely by reason of such invalidity that the plaintiff did not infringe the said Letters Patent [Tr. Vol. I, p. 96]. The court based this judgment on a finding that the process disclosed and claimed in the Hall patent was known and used by others in this country, prior to the earliest date of invention thereof claimed by the

Patentee Hall, namely prior to April 13, 1946 [Tr. Vol. I, p. 91]. The court found that the process claimed in the Hall patent was known and used by Acheson Colloids who reduced the process to practice and participated in the reduction to practice by its customers, and that the process was likewise developed by Robert Burns and Wilfred E. Campbell at the Bell Telephone laboratories and that the process was in public, open and continuous use at Western Electric Company [Tr. Vol. I, pp. 91 and 92].

The court further found that the evidence in support of the foregoing findings was clear, strong, convincing and uncontradicted [Tr. Vol. I, p. 93]. The court also found that none of the patented art pleaded as anticipation disclosed the essential features of the Hall combination because none of the patented art contained the combination disclosed in the claims of the Hall patent and that insofar as the prior art was concerned that the Hall patent was a new and useful invention and the difference between it and the prior art are such that the subject matter as a whole would not have been obvious at the time the invention was made to a person having ordinary skill in the art to which subject matter pertained (35 U. S. C. A., Sec. 103) [Tr. Vol. I, p. 94].

These findings were prefaced by a lengthy opinion made by the trial court fully explaining the decision of the trial court [Tr. Vol. I, p. 51].

Although much of the trial and evidence related to prior art, the finding of the trial court that the prior art did not anticipate the Hall patent, reduces the question in the case simply to whether the Burns, Western Electric and the Acheson process anticipated the Hall process and did so by public disclosure and reduction to practice, and, secondly, whether proper evidence thereof was received by the court.

There is also the question of whether the trial court should have prevented the defendants from introducing evidence of estoppel by unclean hands. Therefore, the questions raised in the case are as follows:

1. What is the Hall process?
2. The Burns process and its distinction from Hall.
3. The Western Electric process and its distinction from Hall.
4. The Acheson Colloids process and its distinction from Hall.
5. Would unclean hands of the plaintiff constitute a defense to this action?

The foregoing points 1 to 5 constitute the basic outline of this statement of the case and the evidence bearing on these questions is set forth herein as follows:

#### **1. What Is the Hall Process?**

The Hall process is described in Plaintiff's Exhibit 1 [Tr. Vol. V, p. 1605] which is a copy of the United States Patent No. 2,703,768, issued March 8, 1955, based on an application filed April 26, 1950, which application was a continuation in part of the original application serial No. 662,099, filed April 13, 1946, which fixes the date of the invention. The Hall process is essentially set forth in claim 1, which appears in Transcript Volume V, page 1601, which is on line 23 of the patent, set forth on said page. The steps of process are as follows:

1. Treat the surface to form a large number of substantial microscopic irregularities therein.
2. Apply to the surface an abrasive-free coating mixture containing solid lubricant particles and an uncured thermosetting polymerizable resin bonding agent.

3. Cover substantially the entire surface with this mixture.

4. Bake the coating to polymerize the resin, harden the surface, and bond the lubricant particles in place on the irregularized surface.

5. The resultant coating should have a thickness under one-one thousandth ( $1/1000$ ) of an inch.

The court's findings were [Tr. Vol. I, p. 90] that the Hall patent in suit covers a process for applying a durable dry film lubricant, the essential steps of which are:

- (a) Irregularization of the surface to be lubricated.
- (b) Application of a thin coat of liquid.
- (c) Including a thermosetting resin containing solid lubricant particles, such as graphite and solvent.
- (d) Followed by baking.

Plaintiff's principal witness John Burnham testified that the Hall patent is in the field of solid film lubricants [Tr. Vol. I, p. 124]. Solid film lubricants are used rather than oil for lubrication for inaccessible parts of machines where solid films are permanent and do not need to be renewed. They operate at high temperature where oils and grease decompose. They operate at low temperatures where liquids freeze and they operate on surfaces subject to corrosion that attacks ordinary lubricants [Tr. Vol. I, p. 125].

A film produced by the Hall process results in a permanent, dry, hard, lubricant film [Tr. Vol. II, p. 721]. The uniqueness of the Hall process is in the combination of the various steps and elements [Tr. Vol. II, p. 727]. The process teaches a pre-surface treatment of sand-blasting or phosphating, and this pre-surface treatment improves the

adhesion, increases the surface area, and provides a permanent reservoir for the solid film lubricant [Tr. Vol. II, pp. 728-729], when the film is baked on over this surface, the surface takes root over the entire microscopic area [Tr. Vol. II, p. 731].

The pre-surface treatment is such that there are no smooth, flat or plateau areas [Tr. Vol. II, p. 744]. By the use of an uncured polymerizable resin bonding agent, the baking of the resin with lubricants in it makes the film hard, and insoluble to solvents and furthermore it remains insoluble even when it contains solid lubricant particles [Tr. Vol. II, p. 748]. The Hall binder is thermosetting [Tr. Vol. II, pp. 750 and 751]. None of the prior art cited by the plaintiff contained all of the elements of the Hall process [Tr. Vol. II, p. 711].

Defendant's expert, Mr. Crump, is an outstanding authority in the field of solid film lubrication, traveling extensively throughout the country and the Hall process is the only solid film lubrication process being used today [Tr. Vol. II, p. 704].

Mr. Wiseman, defendant's witness in charge of solid film lubrication at North American Aviation, knew of no solid film lubricating coatings in 1947. Although the North American Aviation conducted an extensive exchange of information with the other aircraft companies, the first process that came to his attention was the Hall process [Tr. Vol. II, pp. 530 to 541], although there was great need for solid film lubrication in the aircraft industry at that time [Tr. Vol. II, p. 548].

The testimony of John Ringus [Tr. Vol. II, pp. 589 and 603] indicate that there was a need for solid film lubrication and that there was nothing filling the need until the Hall process was made available.

Mr. Hall, the inventor, started working on dry film lubrication in 1930, culminating in starting the dry film lubricating business in May, 1947, known as Electrofilm [Tr. Vol. II, p. 605].

## 2. Burns Process and Its Distinction From Hall.

The Burns process is set forth in Plaintiff's Exhibit 44A [Tr. Vol. VI, p. 1761]. This is a process that was developed by Mr. Burns when he was with the Bell Telephone Company, which is the research agency for Western Electric, the producing company in the telephone field. This process is established through Plaintiff's Exhibit 44A and the testimony of Mr. Burns which was produced through deposition [Tr. Vol. IV, pp. 1324-1355].

Mr. Robert Burns' process consisted of a mixture of graphite with black Japan which was put on a metallic surface and baked. Mr. Burns was under the impression that black Japan was thermosetting [Tr. Vol. IV, p. 1321]. He also considered his surface as being insoluble and infusible [Tr. Vol. IV, p. 1333]. However, he admits that he did not test his process [Tr. Vol. IV, p. 1328]. He said his process was tested by testing engineers [Tr. Vol. IV, p. 1337]. The film that he produced was five or ten mils thick which was thinned down by burnishing it off with a finishing tool [Tr. Vol. IV, p. 1339]. As a matter of fact, it was soft enough to be rubbed off with a paper clip [Tr. Vol. IV, p. 1360]. This process was used where there was very light contact in a switch [Tr. Vol. IV, p. 1354]. It is apparent that Mr. Burns gave no consideration whatsoever to pre-surface treatment as a part of his process. His process was used on electro-plated surfaces, but this just happened to be the surface he was working on [Tr. Vol. IV, p. 1358]. The only thing he considered important insofar as surface preparation was to



clean the surface [Tr. Vol. IV, p. 1358]. Mr. Burns testified that you got a better job when this was applied on a polished surface than on a rough surface [Tr. Vol. IV, p. 1360].

The trial judge concluded that Burns, who was not a chemist, incorrectly designated the black Japan as thermosetting, but the trial judge considered this of little significance [Tr. Vol. I, p. 81]. The evidence shows that black Japan is not a thermosetting resin but is a drying oil and any hardening of the surface that occurs in black Japan when heat is applied, is due to oxidation or burning and not to rearrangement of the molecules which is the process of polymerization that occurs in true thermosetting [Tr. Vol. III, pp. 844-860]. This is corroborated by the plaintiff's own expert [Tr. Vol. III, p. 880]. Furthermore, it appears that nobody today uses black Japans in solid film lubrication because they are made up of vegetable oils and black Japans become soluble when graphite is added and it is necessary in solid film lubrication that this film be insoluble and in this case black Japan is not permanent lubricant [Tr. Vol. II, pp. 747-750 incl.].

It is thus apparent that the Burns process did not contemplate the first three or the fifth step of the Hall process and did not constitute solid film lubrication as it is known today. While the Burns process might at first blush appear to be similar to the Hall process, it is significant that the Burns process had been refused a patent while the Hall process was granted a patent. The difference between the black Japan, and the use of thermosetting resin upon a microscopically irregularized surface, was such an advance in the art that it produced a commercially practical solid film lubricant coating for industrial uses that was insoluble to the usual solvents. Probably the greatest single advance

in the solid film lubrication field is the hardness, durability and insolubility of the Hall film over anything that was heretofore produced.

### 3. The Western Electric Process and Its Distinction From Hall.

The Western Electric process is the same as the Burns process and was a composition of black Japan and graphite [Tr. Vol. IV, p. 1471]. The Western Electric Company produced telephone parts which were coated with this process on the basis of specifications supplied by Bell Laboratories [Tr. Vol. IV, p. 1515]. The original Western Electric specification was in 1936 and was prepared by Mr. Burns, and is designated as Plaintiff's Exhibit 47-A [Tr. Vol. VI, p. 1812]. The specifications called for surface preparation of sandpapering, scratching, zinc plating, and some of the surfaces were acid etch [Tr. Vol. IV, pp. 1473-1475]. A reading of the specification shows that after the surfaces were cleaned as hereinbefore specified the composition of black Japan and graphite was sprayed or dipped on the part and it was then baked. It should be borne in mind that the alleged surface preparation was actually thought of solely as a cleaning operation or degreasing operation, as indicated by Mr. Burns, and not as something that had anything to do with binding the film to the surface which is an integral part of the whole process. This process at Western Electric was carried on until May 29, 1943 [Tr. Vol. IV, pp. 1476-1478, incl.]. The process as thus practiced involved no proper concept of surface preparation and no thermosetting resin. It did not produce any hard durable film because it could be scraped off with a paper clip and thickness was immaterial. Mr. Arthur M. Wagner of Western Electric testified that the Japan and graphite finish continued at Western Electric until May 29, 1943 [Tr. Vol. IV, pp. 1476-1477].



He further testified: "In about 1943 the black Japan was replaced in this compound by Beckosol No. 1303, and the high bake was discontinued" [Tr. Vol. IV, p. 1491]. He was then asked to determine if possible the identity of various piece parts which have been coated with dry film lubricating type of finish [Tr. Vol. IV, p. 1491]. He then identified various prints as having been coated with the dry film lubricating finish. It will be noted, however, that some of these prints are marked air dried and the prints themselves do not specify how the finish was applied. Some cover black Japan and some cover the Beckosol. However, when he was asked to discuss the process as he saw it at Western Electric [Tr. Vol. IV, p. 1534], he referred to armature assembly drawing 45327. This print appears on page 1822, Volume VI, Book of Exhibits. The date of this print is in the box in the upper lefthand corner of the print and shows that the print was issued April 19, 1946. This is the same date as the date of filing the Hall Application.

The testimony of the witness with respect to this part is that the surface was zinc plated, then a solution of Beckosol and graphite was sprayed on and the part baked. This is the only testimony of reduction to practice with respect to the Beckosol. It is thus apparent that the process used at Western Electric up to 1943 involved black Japan, which is not a thermosetting resin, and in 1943 the baking was discontinued, according to the testimony of Mr. Wagner, and the only testimony of the use of both baking and Beckosol involved the print dated April 19, 1946, which had been after the Hall application.

The Hall process calls for preparation of the surface to produce microscopic irregularities over its entire area and zinc plated surface does not do this, since it is just a case

of putting metal on top of metal and it generally smooths out any irregularities [Tr. Vol. II, p. 737].

Scratch brush and sandpapering does not produce microscopic irregularities but leaves extensive plateau area [Tr. Vol. II, p. 746]. Acid etch is basically a method of cleaning the surface. It leaves extensive plateau area and cannot be done on precision work because it destroys tolerances and cannot be controlled [Tr. Vol. II, p. 746]. Bright dip is merely a means of cleaning a surface and not to irregularize first [Tr. Vol. II, p. 347].

Thus, it is apparent that the Western Electric process did not teach or contemplate surface preparation to produce microscopic irregularities but on the contrary taught merely cleaning the surface by the various methods specified such as scratch brushing, sandpapering, bright dip, and zinc plating. That for a long period of time they used black Japan which is not insoluble when it contains graphite, is not hard but soft to the extent that it can be removed by a paper clip, and thickness was apparently immaterial in the Burns process.

The introduction of Beckosol again did not show any proper understanding of the necessity of pre-surface treatment and there is no evidence that any baking was done from the introduction of Beckosol in 1943 down to the date of filing the Hall patent.

The deposition of Thorliff Thorven [Tr. Vol. IV, pp. 1543-1593] merely shows the practice of the Burns process at Western Electric and therefore is as indefinite as the Burns testimony, in an attempt to prove that this is the same as the Hall process.

Dr. Wilfred E. Campbell, who was connected with the Bell Laboratories, was the man who switched Western Electric from black Japan to Beckosol [Tr. Vol. IV, p.

1379]. Dr. Campbell was engaged in research and not production [Tr. Vol. IV, p. 1401]. He considered Beckosol to be a thermosetting resin because the manufacturer called it such [Tr. Vol. IV, pp. 1402, 1403]. He said that irregularization of the surface was not a part of the process, that they did not establish such a standard as part of the process, and did not deliberately irregularize the surface [Tr. Vol. IV, p. 1404].

It is significant to note that Mr. Burns stated that electroplating the surface had nothing to do with the process and this was done to keep the surface from rusting [Tr. Vol. II, p. 735], and Dr. Campbell stated that they did not deliberately irregularize the surface [Tr. Vol. II, p. 738]. It is apparent that an attempt is now being made to claim steps that were used merely for cleaning the surface as being part of a process to irregularize the surface when nothing like this was claimed or intended and such a degreasing operation does not produce microscopic irregularities over the entire surface.

Reduction to practice of Western Electric was attempted to be proven through the deposition of Mr. Wagner, the superintendent of development engineering [Tr. Vol. IV, p. 1466] and by reference to a process that was followed in coating certain parts, prints of which were designated as Exhibits 47D [Tr. Vol. VI, pp. 1818 and 1819], 47E [Tr. Vol. VI, pp. 1820, 1821], and 47F [Tr. Vol. VI, pp. 1822, 1823]. Defendant objected to the prints at the taking of the deposition and the objections at the trial appear in Volume II, pages 495, 496, 511-514, inclusive. Objections were made to the introduction of these prints on the ground of authenticity, custodianship and accuracy [Tr. Vol. IV, p. 1496, also pp. 1497-1513, incl.]. There were other papers in the file with the drawings 47D, 47E,

47F, which were objected to in evidence and were produced by Mr. Wagner. He did not obtain them from the files but some engineer gave them to him [Tr. Vol. IV, pp. 1492, 1493]. A file was present at the deposition [Tr. Vol. IV, p. 1478]. This file was 1½ inches in thickness [Tr. Vol. IV, p. 1480]. This file was examined by plaintiff's attorney before the deposition [Tr. Vol. IV, p. 1481]. Mr. Wagner got the file from one of his engineers [Tr. Vol. IV, p. 1485]. Mr. Wagner did not know the name of the person in Western Electric who was the custodian of the file [Tr. Vol. IV, p. 1484]. He just asked one of his engineers to get the file [Tr. Vol. IV, p. 1485]. Only about 1 per cent of the papers in the file were offered in evidence [Tr. Vol. IV, p. 1537].

#### **4. Acheson Colloids Process and How It Differs From the Hall Process.**

The depositions of three witnesses were taken at Acheson Colloids, namely Alden Crankshaw, Dr. Harold J. Dawe and Morris W. Reynolds.

Morris W. Reynolds is vice president and for a long time was sales manager and general manager of Acheson Colloids whose business was, and is, the manufacture of colloidal dispersions [Tr. Vol. III, p. 1037]. Mr. Reynolds does not know of a single case where Acheson Colloids made experimental or production use of solid dry film lubrication process [Tr. Vol. III, pp. 1105-1107, incl.]. The business of Acheson Colloids was, and is, merely making up colloidal dispersions and selling these products to others for use by those others. Therefore, it is apparent that there is no Acheson Colloids process as such and the court was in error in finding that Acheson Colloids had used a process equal or anticipatory to the Hall process.

Mr. Reynolds was a biased witness and admitted that he would like to see the Electrofilm patent broken because he felt it interfered with Acheson Colloids sales [Tr. Vol. III, pp. 1101 and 1102].

Since Acheson Colloids was not doing any process work, an attempt was made to prove the use of Acheson's products by other companies. This was done by producing some 3 x 5 cards at Mr. Reynold's deposition. These cards are Plaintiff's Exhibit 40G and are found in Transcript Volume VI, page 1742. They purport to show prior reduction to practice. The evidence of lack of authenticity on these cards is clearcut. The cards were shown to him just before the deposition by Mr. Kern, plaintiff's attorney, and he was told they came from the Acheson Colloids file and he assumed this was true [Tr. Vol. III, p. 1137]. He is no longer connected with Acheson Colloids and is assuming that the cards "7A" to "7M" came from Acheson Colloids [Tr. Vol. III, p. 1138]. He personally did not select these cards [Tr. Vol. III, p. 1122]. The last time he really saw these cards before the deposition was in about 1947 or 1948 [Tr. Vol. III, p. 1123]. The secretary of the corporation is the person authorized to destroy records and all records are destroyed after seven years [Tr. Vol. III, p. 1114]. Mr. Sprague has been the secretary of Acheson Colloids since its inception [Tr. Vol. III, p. 1115]. These particular cards were not destroyed because the people on those cards are still customers of Acheson Colloids [Tr. Vol. III, p. 1120]. The information on those cards is a condensation of information obtained from the original reports and the original reports cannot be found or have been destroyed [Tr. Vol. III, pp. 1116-1117]. Cards are not kept on all customers [Tr. Vol. III, p. 1125], nor on most of the customers [Tr. Vol. III, p. 1125]. The only time they ever kept cards was



when it might be needed to obtain priorities [Tr. Vol. III, p. 1125]. He probably has cards that show that the Acheson Colloids products didn't work [Tr. Vol. III, p. 1122]. The so-called record of Mr. Heer, Exhibit 40F [Tr. Vol. VI, p. 1741] was not a part of the records of the sales department of Acheson Colloids but was a personal record of Mr. Reynolds [Tr. Vol. III, pp. 1128, 1129]. He said the only reason he happened to have this paper is that once in a while he would throw things in a drawer that might be important and this happened to be one of them [Tr. Vol. III, p. 1130].

At the time Mr. Reynold's deposition was taken, objections by defendant were made to Mr. Heer's statements on the ground of lack of authenticity [Tr. Vol. III, pp. 1059-1067]. At the time the cards [Ex. 40G] were referred to as "7A to 7M" at the deposition and numerous objections were made to the use of these cards on the lack of authenticity [Tr. Vol. III, pp. 1075-1087]. At the time of the trial, counsel objected to the introduction of the Heer statement into evidence [Tr. Vol. II, pp. 530-532] and objected to the admissibility into evidence of the cards referred to as "7A to 7M" [Ex. 40G; Tr. Vol. II, pp. 523-531] but these objections were overruled.

After Exhibit 40G was introduced into evidence at the deposition of Mr. Reynolds, he was asked to testify how the material was applied to the bomb fuse and it was objected to on the ground that it was a conclusion and no showing that Mr. Reynolds was present when the material was applied [Tr. Vol. III, p. 1087]. He was then asked if he ever saw the process applied and he stated that he saw it applied at Process Engineering [Tr. Vol. III, p. 1090]. However, the process that he saw being applied at Process Engineering involved the use of "aquadag"

[Tr. Vol. III, pp. 1136 and 1137]. "Aquadag" is merely a colloidal suspension of graphite and water [see Vol. V, p. 1737 Technical Bulletin, A. C.]. Furthermore, he did not see any pre-surface treatment except that he saw some part being dipped into a solution which someone told him was an acid bath. This is certainly not the Hall process; the use of graphite and water together being old, inferior and completely unacceptable as a solid film lubricant. This is the only actual testimony by Mr. Reynolds which purports to be eye-witness and it turns out to be a process that has no relationship whatsoever to the invention patent in suit.

Alden Crankshaw of Acheson Colloids was questioned on deposition. He stated that he saw the Acheson Colloids dispersions being applied [Tr. Vol. III, p. 1158] but stated that the parts were cleaned generally by a bright dip then the solution sprayed on the parts and then baked. He states the parts were sprayed at a thickness of under one-one-thousandth ( $1/1000$ ) of an inch [Tr. Vol. III, p. 1159]. He said he could tell the thickness of one-one-thousandth ( $1/1000$ ) of an inch by looking at the part and feeling it with his fingers [Tr. Vol. III, p. 1170]. This man had nothing to do with the processing in these plants but was merely selling the Acheson Colloids dispersions to these plants [Tr. Vol. III, p. 1168]. He wrote out reports on this to Acheson Colloids but all his reports have been destroyed [Tr. Vol. III, p. 1176]. It was the company policy to destroy all records after seven years and Mr. Reynolds laid down this policy [Tr. Vol. III, pp. 1176, 1177]. These customer records were in the form of large sheets of paper 8 x 6 [Tr. Vol. III, pp. 1177, 1178] and they were not cards. This man's testimony as to the nature of the chemical compositions he said he saw being

used and the process used was completely unsupported by any documentary proof.

Mr. Sprague, who was secretary of Acheson Colloids, was present all through the deposition of Mr. M. W. Reynolds [Tr. Vol. III, p. 1126].

**5. Would Unclean Hands of the Plaintiff Constitute a Defense to This Action?**

The defendant set up as a separate and distinct defense the fact that plaintiff was estopped to bring the action in that the plaintiff did not come into court with clean hands. This defense was pleaded in the answer as a separate defense [Tr. Vol. I, p. 16]. This was called to the attention of the court by both Mr. Kern and Mr. Young [Tr. Vol. I, pp. 105 and 114]. However, the trial judge stated that the principle of estoppel by unclean hands would not apply in an action to determine the validity of a patent, and refused to permit any evidence on this point by the defendant.

The questions involved in this appeal arose in the manner hereinbefore set forth, and the questions involved are, First, whether the court committed error in receiving into evidence Exhibits 47D, E and F, Exhibit 40G; second, do the Burns, Western Electric and Acheson Colloids processes amount to anticipation of the patent in suit and constitute prior public use and prior knowledge; and third, whether the evidence of such is sufficiently strong enough to overcome the validity of the patent in suit.



### Specifications of Error.

The appellant's specifications of error have heretofore been filed in the Court of Appeals under a document designated "Appellant's Statement of Points and Designation of Record," and the specifications in error are as follows:

#### I.

The court committed error in receiving into evidence Exhibits 47D, E and F, which are portions of the deposition of Arthur M. Wagner, said deposition being designated Exhibit 47.

##### (a) Exhibit 47D.

*The grounds of objection to Exhibit 47D* [which appears in Tr. Vol. VI, p. 1818], and which bears the Western Electric No. P. 29484, were "that no foundation has been laid as to the authenticity or custodianship or the accuracy or the original tracing, or that it is an original tracing, or that the copy which was the thing actually being offered in evidence was a true and correct copy, and no foundation laid and not the best evidence." This objection was made at the taking of the deposition Exhibit 47D [Tr. Vol. IV, p. 1496]. These objections were reserved when the judge read the depositions [Tr. Vol. II, pp. 489 and 495]. At the time of trial the objection was again stated "that no proper foundation for the use of this record under the Business Records Act was laid, that they are not business records, and there is no authentication for the record" [Tr. Vol. II, p. 498]. During the deposition this exhibit was referred to as Exhibit C, but was changed in court to Exhibit 47D [Tr. Vol. II, p. 511]. The court overruled the objections [Tr. Vol. II, pp. 512-514].

*The substance of the evidence with respect to this exhibit* appears in Transcript Volume IV, pages 1492-1498. This exhibit purports to be a copy of a linen tracing. Mr. Wagner's initials were not on the tracing, he did not obtain it from the company files, but he said an engineer did. Part of the printing on the original tracing did not come through on the blueprint, and some of the letters on the blueprint were done over in pencil [Tr. Vol. IV, p. 1495]. The witness said that this part was not in production when he came to the company, but it is now in production. This of course proves nothing in the way of prior art because the fact that it is now in production proves nothing than the present time, regardless of any dates on the document. There was no testimony by Mr. Wagner that he ever used the solid lubrication process in connection with this part other than at the present time.

(b) Exhibit 47E.

*The grounds of objection to Exhibit 47E* [which appears in Tr. Vol. VI, p. 1820] and which bears Western Electric Nos. P 456132 and 456133 [Tr. Vol. IV, p. 1500], and questions addressed to the witness with respect to it were on the ground "It calls for conclusion of the witness, there is no proper foundation laid and calls for hearsay, and that the document is not in evidence, not the best evidence, and there is no foundation laid with respect to the document" [Tr. Vol. IV, pp. 1500 and 1501]. These objections were reserved when the judge read the depositions [Tr. Vol. II, pp. 489 and 495]. At the time of the trial the objection was again stated "That no proper foundation for the use of this record under the Business Records Act was laid, that it was not a business record, and there is no authentication for the record" [Tr. Vol. II, p. 498]. During the deposition this

exhibit was referred to as Exhibit D [Tr. Vol. IV, p. 1500]. The court overruled the objections [Tr. Vol. II, pp. 512, 514].

*The substance of the evidence with respect to this exhibit* appears in Transcript Volume IV, pages 1500 and 1501. It was merely that the witness testified that this is a part that is in manufacture. There is no testimony that it was ever in manufacture in the past, and there was no testimony as to any solid film lubrication being put on the part.

(c) Exhibit 47F.

*The grounds of objection to Exhibit 47F* [which appears in Tr. Vol. VI, p. 1821] and which bears Western Electric Nos. P 454327 to P 454330, were "that there is no foundation with respect to the document, it is hearsay, it is not the best evidence, questions addressed thereto call for conclusions of the witness [Tr. Vol. IV, p. 1509] and that it is a copy, no foundation has been laid to it, it is not the best evidence, hearsay, irrelevant, incompetent and immaterial" [Tr. Vol. IV, p. 1510]. These objections were reserved when the judge read the deposition [Tr. Vol. II, pp. 489-495]. At the time of trial the objection was again stated "that no proper foundation for the use of this record under the Business Records Act was laid, that they are not business records, and there is no authentication for the record" [Tr. Vol. II, p. 498]. During the deposition this exhibit was referred to as Exhibit D, but was changed in court to Exhibit 47F [Tr. Vol. II, p. 511]. The court overruled the objections [Tr. Vol. II, pp. 512-514].

*The substance of the evidence with respect to this exhibit* was that this part has been made at Western Electric but there was no testimony as to the date when it was made [Tr. Vol. IV, p. 1509], and no testimony was offered

of a dry film lubrication process being used on this part [Tr. Vol. IV, pp. 1534, 1537]. However, the date of this blueprint should be noted, which is April 19, 1946, which is the date of filing the patent application on the Hall process.

## II.

The court committed error in receiving into evidence Exhibit 40G and Exhibit 40F, which are parts of the deposition of Morris W. Reynolds, said deposition being designated in evidence as Exhibit 40G.

### (a) Exhibit 40G.

*The grounds of objection to Exhibit 40G* [which appears in Tr. Vol. V, pp. 1742-1748], at the time of trial were “that these exhibits failed in meeting the requirements of the Business Records Act . . . there was no regular practice of the company in keeping the records . . . the records were not kept under the supervision and control of the witness . . . or that the entries were made on or about the time of the transaction. . . . There is no foundation to these records to show proof of reduction to practice” [Tr. Vol. II, pp. 523-525]. At the time of the deposition, objections were made to these cards, that there was no foundation laid under the Business Records Act [Tr. Vol. III, pp. 1075, 1076], that no foundation was laid for Mr. Reynolds to testify as to anything on the cards since it was “hearsay” as to him [Tr. Vol. III, p. 1077] and it was stipulated that these objections would apply to all of the cards [Tr. Vol. III, p. 1079] and all the cards were offered in evidence subject to all of the objections [Tr. Vol. III, p. 1086]. However, at the trial all objections were overruled [Tr. Vol. II, p. 530].

*The substance of the evidence* appears in Volume V, pages 1742-1748, and purports to be information supplied

by salesmen of Acheson Colloids as to the fact that Acheson Colloids dispersions were being applied to metal parts for lubrication purposes and that the dispersions were baked, the parts were cleaned before application, and that this was done for dry film lubrication. That the material was sprayed on the parts and in some cases dipped on; that the film was thin and tenacious. The faults in the foundation and authenticity of these cards is fully outlined and summarized in the first few pages of the sub-heading for "Acheson Colloids process and how it differs from the Hall process" as part of the statement of the case in this brief.

(b) Exhibit 40F.

*The grounds of objection* at the time of the trial were "there was no proper identification of the document itself nor explanation as to the whereabouts of Mr. Heer" [Tr. Vol. III, p. 1062]. These objections were made at the time of the deposition, amongst others, and at the time of the trial it was objected to that this paper did not come from the Acheson files and lacked authenticity [Tr. Vol. II, pp. 531 and 498]. The court overruled the objections [Tr. Vol. II, p. 532].

*The substance of the evidence* with respect to this exhibit was that it was a purported communication by Mr. Heer to the General Electric Company in which he recommended a process of cleaning the surface, applying a resin and graphite mixture, and baking the mixture as set forth in Exhibit 40F, which appears in Volume V, page 1741. This record was not part of the sales records of Acheson Colloids, but was a personal record of Mr. Reynolds [Tr. Vol. III, p. 1128], and the only reason this paper was available was because "it happened to be thrown in a drawer" and kept by Mr. Reynolds [Tr. Vol. III, p. 1130].

### III.

The court committed error in receiving into evidence testimony of Morris Brown with respect to Exhibits 47D, 47E and 47F.

The grounds of objection to such testimony was that it was stipulated that Brown would testify the same as Wagner with respect to such exhibits [Tr. Vol. IV, pp. 1442-1444] subject to the same objections. The objections to the exhibits were overruled by the trial court [Tr. Vol. II, p. 514]. The substance of the evidence with respect to these exhibits has heretofore been set forth in Specifications of Error No. 1.

### IV.

The court committed error in Finding No. 9 of the Findings of Fact and Conclusions of Law [Tr. Vol. I, p. 91], in that the following portion thereof is not supported by the evidence, to wit: "The process disclosed and claimed in the Hall patent in suit was known and used by Acheson Colloids Company and various officers and employees of that company who reduced the said process to practice and participated in such reduction to practice by customers of the Acheson Colloids long prior to April 13, 1946 . . . and sold various of said composition with directions to apply them in a manner similar to the method described and claimed in the Hall patent, which has been done by its customers."

In this brief we have heretofore pointed out under the statement "The Acheson Colloids Process" that Acheson Colloids manufactured dispersions and never applied these dispersions and did not carry on or perform any solid film lubrication practice. The evidence of use by customers of Acheson Colloids was supplied by the testimony of Mr. Reynolds who said he saw a process being carried on at Process Engineering of dipping parts in acid, spray-



ing on aquadag and baking the part. But this involved the use of "aquadag" which is a combination of water and graphite. Furthermore, what he claimed he saw at Process Engineering was unsupported by any documentary proof of any kind.

The only documentary proof of using a process was the purported card records [Ex. 40G] and these cards should not have been received into evidence as they are clearly hearsay as to the use of the process, and the memoranda which purported to show the use of the process was certainly not authenticated in such a way as to produce reliability as shown by the comments thereto heretofore made in the brief.

The only other testimony with respect to reduction to practice by or through Acheson Colloids was testimony by Mr. Crankshaw, a salesman for Acheson, as to what he claimed he saw being done at various plants which was completely unsupported by documentary proof.

## V.

Finding No. 10 of the Findings [Tr. Vol. I, p. 91] is not supported by the evidence in that the Finding is that the process disclosed and claimed in the Hall patent in suit was used at Bell Telephone Laboratories, prior to Hall in connection with the application of dry film lubricating compositions comprising graphite in a thermosetting resin which compositions were developed by Robert Burns and Wilfred E. Campbell and applied in accordance with the essential steps of the Hall process.

The evidence is heretofore pointed out in "Statement of the Case" shows that Robert Burns envisioned the process where there was no preliminary surface treatment as part of the process and anything that was done by way of surface treatment was merely to degrease the part. His composition was not a thermosetting resin but was black

Japan with graphite in it. Black Japan with graphite is not insoluble to its solvents and this product was soft, soluble, not durable and thickness was immaterial. The modification of this process by Wilfred E. Campbell by substituting Beckosol, still did not envision the importance of pre-surface treatment such as phosphating or sand-blasting, and the testimony of Mr. Wagner indicates that the baking was discontinued in 1943 with the introduction of Beckosol recommended by Wilfred Campbell.

## VI.

Finding No. 12 [Tr. Vol. I, p. 92] to the effect that the Hall process has been in public, open and continuous use at Western Electric is not supported by the evidence in that the testimony of Mr. Wagner shows only the use of the Burns process to 1943 and the discontinuance of the baking when Beckosol was substituted in 1943 for black Japan. The attempts to support even the use of the Burns process or the Campbell modification thereof by the blueprints, Exhibits 47D, 47E, 47F, show that such testimony only related to the application of this finish at the present time of taking the depositions or after April 19, 1946, the date of the Hall patent application.

## VII.

Finding No. 11, that the process disclosed and claimed in the Hall patent in suit was in public use in this country more than one year prior to the Hall application is not supported by the evidence because the use referred to in said Finding is the Burns, the Western Electric, and Acheson Colloids use, and no other.

## VIII.

Finding No. 13, that the specifications issued by the Bell Telephone laboratories described the surface preparation, materials applied and the subsequent baking,



covering the essential steps of the Hall process is not supported by the evidence in that the Bell Telephone and Western Electric specifications envisioned only enough pre-surface preparation to clean the surface, whereas the Hall process included phosphating or sandblasting to produce microscopic irregularities over the entire surface. The Bell Telephone Company and Western Electric specifications originally called for black Japan and graphite, whereas the Hall process called for a thermosetting resin and graphite, the former being soluble, soft and not durable, whereas the latter was insoluble, hard and durable. The modification thereof by Campbell by use of Beckosol still did not teach the proper pre-surface treatment and the Bell and Western Electric process resulted in a thick film that had to be scraped off for necessary thickness, whereas the Hall film was under one-one thousandth ( $1/1000$ ) of an inch when it hardened.

#### IX.

Finding No. 14, that the process described by Robert Burns in his patent application was the same as the process in the Hall patent is not supported by the evidence because the Burns process contemplated no pre-surface treatment to produce microscopic irregularities over the entire surface, contemplated the use of black Japan which is not a resin, instead of a thermosetting resin, and thickness of the film was considered immaterial.

#### X.

Finding No. 15, that the prior knowledge, use, and public use, by Acheson Colloids, Bell Telephone laboratories and Western Electric and Robert Burns, is clear, strong, and convincing, is not supported by the evidence if the objections to the documentary proof heretofore made in these exceptions is sustained.

## ARGUMENT.

The Hall patent was declared invalid on the basis of prior public knowledge and use and reduction to practice. This conclusion would not be supported by the evidence, if the evidence claimed to be inadmissible were stricken. In the Acheson Colloids case it was found that Acheson Colloids knew of the invention and of its reduction to practice. All that was really done at Acheson Colloids was that a mixture of resin and graphite was developed by Dr. Dawe [Pltf. Ex. 43, Vol. III, p. 1194]. This mixture is a product. It is not a process. How does Acheson prove a process? This was done through the testimony of Mr. Crankshaw that he saw this product being used at customers' plants, his testimony being completely unsupported by any documentary proof [Pltf. Ex. 41, Vol. III, p. 1144]. Why was not the testimony of the people actually doing the process produced, rather than some hearsay witness?

Mr. Crankshaw has been with Acheson Colloids for at least the past twenty years [Tr. Vol. III, p. 1145]. He said he made numerous reports on this process [Tr. Vol. IV, p. 1176]. He was in charge of the process, but not a single documentary document connected with him was produced. The explanation was that all of the records of Acheson Colloids were destroyed after seven years on Mr. Reynolds' orders [Tr. Vol. IV, p. 1177].

Mr. Reynolds testified of only one instance when he claims he saw the process being done and in his case the solution was water and graphite [Tr. Vol. III, pp. 1090, 1136-1137]. Prior use and prior knowledge was attempted to be proved by reference to cards. The only explanation as to where these cards came from is that they were produced by defendant's counsel [Tr. Vol. III,

p. 1137]. Mr. Reynolds assumed they came from the company but he has not been with the company for several years [Tr. Vol. III, pp. 1138, 1122-1123]. The secretary of the corporation was present during his deposition and no attempt was made to authenticate the cards nor was any actual explanation offered as to how these cards happened to be in existence, when it was the practice to destroy all records relating to salesmen's reports on the process [Tr. Vol. III, p. 1177]. Mr. Reynolds gave a guess that these companies were still customers of Acheson but the practice of destroying records was based on the seven years, not whether the records did or did not belong to present customers. Although Mr. Sprague was secretary of the corporation since its inception [Tr. Vol. III, p. 115] and was present at Mr. Reynolds' deposition [Tr. Vol. III, p. 1126], and Mr. Dawe's deposition [Tr. Vol. IV, p. 1320] no attempt was made to properly authenticate the Acheson records under the Business Records Act and the request of defendant Electrofilm's counsel to take his deposition was refused. (The Acheson people's depositions were taken at Port Huron, Michigan [Tr. Vol. III, p. 1035].)

It may be argued that even if these cards are stricken that Acheson still had prior knowledge, but is it not clear that the alleged prior knowledge is based on the cards because Acheson was not using the process and therefore, the knowledge, if any, of Acheson came to it through others, if there were others.

Mr. Reynolds produced from his *personal files*, and *not from the corporate records*, a record purportedly signed by Mr. Heer, which sets up a dry film lubrication process. This is Exhibit 40F [Tr. Vol. VI, p. 1741; Vol. III, pp. 1128-1129]. Dr. Dawe of Acheson testified that Mr.

Heer's reports on this subject were destroyed as this was the policy of Acheson Colloids [Tr. Vol. IV, p. 1307].

It was held in *Teter v. Kearby*, 169 F. 2d 808, a patent appeal, that *signed* date sheets by people who conducted tests are not admissible and not proof of their contents if their existence is not authenticated. Doesn't the Heer statement come within this rule? Yet, Mr. Reynolds was permitted to testify as to what Mr. Heer told him, based on this statement, and this was held to be inadmissible in *United States v. Dupont*, 126 Fed. Supp. 27, and where no witness has testified as to the authenticity of exhibits which in a large measure represent the culling of old files and inter-office memoranda. Such records are not admissible under the Business Records Act. (*Whitman Co. v. Universal Oil Products*, 125 Fed. Supp. 137.)

The basis of the liberalized rule under the Business Records Act is the probability of trustworthiness of the records because they are the written reflections of the operations of the business, the character of the records being the earmark of their reliability. (*United States v. Smart*, 87 F. 2d 1.)

*These records came from private sources.* Mr. Reynolds who was no longer with the company produced the Heer statement and the defendant's attorney produced the cards. The corporate secretary, the custodian of the records, was present and refused to testify. There was not even an attempt of authentication of these exhibits. The trial judge commented on the liberal rule in the Ninth Circuit Court [Tr. Vol. II, p. 504].

I do not believe it is the policy of the Ninth Circuit Court to permit the introduction of records, as in the Acheson case, without any authentication, and I do not believe *Johnson v. Stromberg*, 242 F. 2d 793, so holds.

If the Exhibit 40F (Heer) and Exhibit 40G (Reynolds' cards) are discarded, we then find that the testimony of Crankshaw and Reynolds as to the process that they saw being carried on in the plants of Acheson's customers is unsupported by documentary evidence.

With respect to memory testimony on process application by mere bystanders who did not participate in the process, it was held in *A. B. Dick Co. v. Simplicator Corporation*, 34 F. 2d 935, that memory testimony of such delicate matters is insufficient in patent infringement suits to sustain the burden imposed in the case of defense of prior use. It should also be noted that this destroys any contention of prior knowledge of the process at Acheson Colloids. The proof of knowledge is based on proof of use. If the proof of use fails, the proof of knowledge fails. It can be said that the proof of prior use and knowledge which is based on the exhibits heretofore, comes within *Whiteman v. Mathews*, 216 F. 2d 712, that the burden of proof imposed upon a party tendering the issue of prior use is a heavy one. It is not satisfied by mere preponderance of the evidence. It is borne successfully only if the evidence is clear and satisfactory perhaps beyond a reasonable doubt. And *Washburn Mfg. Co. v. Beat Em All Barbed Wire Co.*, 143 U. S. 275, 12 S. Ct. 443, 36 L. Ed. 154, is classic in the field of contention that the evidence produced should be discarded if it is merely oral testimony not corroborated by documentary or real evidence supported in the Ninth Circuit by *Waterloo Register Co. v. Atherton*, 38 F. 2d 75; *Rown v. Brake Testing Equipment*, 38 F. 2d 220.

The plaintiff's case to establish a reduction to practice at Western Electric was done in this way: Mr. Wagner had in his possession a file and some prints. Mr. Wagner



did not know who was the custodian of the file at Western Electric [Tr. Vol. IV, p. 1484] but he asked one of his engineers to get the file [Tr. Vol. IV, p. 1485], and this engineer gave it to Mr. Wagner [Tr. Vol. IV, p. 1485]. The file was a large file [Tr. Vol. IV, p. 1480] and only about 1% of the papers therein were offered in evidence [Tr. Vol. IV, p. 1537], and these papers purported to show that Western Electric made up process specifications based on recommendations received from Mr. Burns and Mr. Campbell at Bell Telephone Laboratories. The depositions were taken in April 1957 [Tr. Vol. IV, p. 1463]. Defendant's counsel did not see the file [Tr. Vol. IV, p. 1452]. Plaintiff's counsel had seen the file and talked to Wagner and Brown before the depositions started [Tr. Vol. IV, p. 1482]. Although plaintiff's counsel himself doubted the authenticity of the foundation, no attempt was made prior to trial to establish the authenticity of the file [Tr. Vol. IV, p. 1451]. The documents produced from the file merely established that specifications were set up for the so-called Burns-Campbell-Western Electric process. Mr. Burns testified that everything he did in this connection was experimental [Tr. Vol. IV, p. 1359]. Mr. Campbell testified likewise [Tr. Vol. IV, pp. 1401, 1398]. At this point therefore we merely had the experimental declaration of specifications for this process. This of course falls far short of what is necessary to establish a reduction to practice. Therefore, reduction to practice was attempted to be established by the production of some prints of parts to which defendant objected. The prints that were offered in evidence were photostats on which alterations had been made, and they were loose papers that came into Mr. Wagner's possession from some engineer

whom he asked to get them [Tr. Vol. IV, p. 1495]. These prints appear in Transcript, Volume VI, pages 1818-1825, inclusive. These are all the prints. No objection was made to the prints on pages 1824 and 1825, since it states right on them in the upper lefthand corner "air-dried lubricating" and the prints are dated in 1951. These prints involved no baking and all after the date of the Hall application in April 1946. Therefore, they are immaterial to prove reduction to practice. The objections were to the prints on pages 1818, 1820 and 1822 of Transcript, Volume VI, which are Exhibits 47D, E and F. When Mr. Wagner testified as to reduction to practice with respect to these prints he stated that those parts were then presently being made in the plant, which of course does not establish reduction to practice prior to April 19, 1946, and the only print that he gave any detailed statement about on reduction to practice related to Exhibit 47F, which is dated April 19, 1946. Therefore, Mr. Wagner's testimony about reduction to practice shows only a reduction to practice after filing the Hall patent application. Mr. Wagner and Mr. Thovsen did testify that Western Electric practiced the Burns specification which involved black Japan, but there is absolutely no testimony that the Burns process was practiced at Western Electric after the introduction of Beckosol in 1943 and before April 19, 1946. As a matter of fact, Mr. Wagner testified that when the Beckosol came in they stopped baking [Tr. Vol. IV, p. 1491].

The prints in Transcript, Volume VI, pages 1824-1825, verified that an air-dried lubricating process was used, and air-dried is not baking. The deposition of Mr. Thovsen does not help on this point because his testimony again related to the use of the Burns process. There is

then absolutely no proof of reduction to practice of a compound using a thermosetting resin, but only proof of a reduction to practice of a composition using black Japan and graphite. There are instances in the prior art set forth in Plaintiff's Exhibit No. 3 of the use of black Japan and graphite which the court held did not anticipate the Hall patent. The Patent Office rejected Burns patent application involving black Japan and graphite as having been anticipated and not being invention. The Patent Office granted a patent to Hall using the thermosetting and graphite with the other steps of the process. All of this together with the presumption of the validity of the patent shows that the Hall process is different from the Burns. Furthermore, the Hall process is commercially successful and works [Tr. Vol. II, p. 704]. The Burns process is not in use. Even Bell Telephone Company and Western Electric have switched from the Burns process to the Hall process [Tr. Vol. II, p. 695 *et seq.*]. So that all that appears from the Burns and Western Electric process is a reduction to practice of a process that did not call for treating the surface to produce microscopic irregularities through sandblasting and phosphating, and applying a coating of thermosetting resin and graphite which is under 1/1000 of an inch, hard and insoluble.

The cases heretofore cited as to Acheson apply with equal force as to Western Electric. There is no showing that any of the Western Electric records were made in the regular course of business or were required to be kept or maintained so as to become part of the business records in the regular course of business. (28 U. S. C. A., Sec. 1732; *United States ex rel. Mathoes v. Garfinkel*, 119 Fed. Supp. 810.) Even in the case of signed records, it is necessary to at least submit preliminary proof as to the



making and keeping of records. (*Bruce v. McClure*, 220 F. 2d 330.) Corporate records are not competent against a stranger merely because they are books of the company. (*United States v. Feinberg*, 140 F. 2d 592.) Thus, a Western Electric file should not be binding to invalidate a patent simply because it is a Western Electric file. The wide-spread use of Hall and the lack of use of any other process supports the principle laid down in *Baili v. Bianchi*, 168 F. 2d 793, that before a patent can be declared invalid because of anticipation, its lack of novelty must be established beyond a reasonable doubt, and where an invention marks a substantial advance in the art, the patent is to be given a reasonably liberal construction so as to secure to the inventor the rewards of his invention.

A new combination of elements, old in themselves, but which produces a new and useful result or any diversity of arrangement of old things which introduces a new function or a new and useful method performing the old function in a new way, supports patentability. (*Expanded Metal Company v. Bradford*, 214 U. S. 366, 381, 29 S. Ct. 652, 655, 53 L. Ed. 1034, 1039; *Loom Company v. Higgins*, 105 U. S. 580, 591, 26 L. Ed. 1177, 1181.) If those skilled in the mechanical arts are working in a given field and after repeated efforts fail to discover a new and useful improvement, he who first makes the discovery has done more than the skilled mechanic in the art and has achieved patentability. (*Temco Electric Motor Company v. Apco Manufacturing Co.*, 275 U. S. 319, 48 S. Ct. 170, 72 L. Ed. 1025.)

By the same token, invention cannot be defeated merely by showing that, in one form or another, each element was known or used before.

The question is: "Did anyone before think of combining them in this manner in order to achieve the particular unitary result, . . . a new function?" If not, there is invention. (*Pointer v. Six Wheel Corporation* (C. C. A. 9, 1949), 177 F. 2d 153, 160.)

*Lensch v. Metalizing Company of America*, 39 Fed. Supp. 838, held that experimental use is never public use as to make a patent void. The prior use must in truth and fact be actually operable. (*A. B. Dick Co. v. Simplifier Corporation*, 34 F. 2d 935.)

Where the steps in a process are shown separately in several prior patents, anticipation is not established. (*Ex Parte Barton*, 51 U. S. P. Q. 145.)

The substitution of one known material for another in a known combination may amount to invention depending upon whether the step went beyond what was obvious to persons skilled in the art. (*Ellis-Foster Co. v. Gilbert Spruance Co.*, 28 Fed. Supp. 375.)

Where there was a trivial variation in the proportions of a mix and the mix was treated by a number of steps when resultant bakelite had a new characteristic in use never observed before, there is invention. (*Catalin Corporation v. Catalazuli Manufacturing Co.*, 27 U. S. P. Q. 371, 79 F. 2d 593.)

A patent on a process of chromium plating was valid because the inventor discovered that the chromium proportion was the essential point, not the chromium sulphate, and even though the prior art was able to produce occasional good plating, this did not anticipate the discovery. (*United Chromium v. International Silver*, 15 U. S. P. Q. 51, 60 F. 2d 913.)

A process of making a metal bonded abrasive article by bonding it with components and heating so a portion melts and resolidifies was not anticipated by alloys that attempted to do the same thing but did not actually do so. (*Ex Parte Boyer*, 45 U. S. P. Q. 365.)

The fact that a patent is successful, satisfies an old and recognized want, is an indication of invention. (*Ray-O-Vac Co. v. Goodyear Tire & Rubber Co.*, 45 Fed. Supp. 927.)

The uniqueness of the Hall patent rests in combining a form of surface preparation, namely, sandblasting and phosphating, that produced microscopic irregularities with a thermosetting resin mixed with graphite and solvents, that when baked on a part produced a thin hard durable lubricating surface, and which in effect created a new industry known as the solid film lubricating industry today. In spite of innumerable attempts in the past as shown by the prior patents, nothing along this line ever worked successfully. Neither Burns, Campbell, Acheson nor Western Electric understood that it was the combination of all of these things that made the invention. While some of these people sandpapered and scratched the surface, this was done solely for cleaning purposes, and this operation did not produce the essential and type of surface preparation required to hold a lubricant film.

The Hall patent teaches the importance of a surface that is completely and uniformly irregularized microscopically, and not a pre-surface treatment that either leaves deep holes like an acid etch or untouched plateau areas as in sandpapering, and the application to such a surface of a binder, to-wit: a thermosetting resin, that upon baking becomes uniformly hard even though it contains graphite

(which black Japan, thermoplastic resins, and the varnishes never did accomplish). Furthermore, it creates a film which, through the action of the thermosetting resin by polymerization, tenaciously clings to the surface even though it is less than 1/1000 of an inch. This is the Hall invention. This is the invention that is successful in industry, as shown by the calibre and quality of the ELECTROFILM licensees who are partially listed in Exhibit "R" Vol. VI, page 188.

There is no question that the defense of "unclean hands" of the plaintiff is a good defense in a suit to invalidate the patent.

*Radtke Patents Corp. v. C. J. Togliabue Mfg. Co.*,  
31 Fed. Supp. 226.

The defense of unclean hands need not be pleaded.

*Libby-Owens-Ford Glass Co. v. Sylvania Industrial Corp.*, 154 F. 2d 814.

The judgment should be reversed because the errors in admission in evidence was so great that if the documentary evidence falls, much of the testimony on which it is based likewise falls, and leaves the alleged reduction to practice unestablished.

Respectfully submitted,

WALTER H. YOUNG,

*Attorney for Appellant.*



<u>Exhibit</u>	<u>Identified</u>	<u>Offered</u>	<u>Received</u>	<u>Rejected</u>
Pltf's	on page	on page	on page	on page
46E	"		"	
46F	"		"	
47	495		497	
47A	"		"	
47B	"		"	
47C	"		"	
47D	"	"	" front	497 back
47E	"	"	" "	" "
47F	"	"	" "	" "
47G	"		"	
47H	"		"	
47I	"		"	
47J	"		"	
47K	"		"	
47L	"		"	
48	496		"	
48A	"		935	
48B	"		935	
49	652	655	655	
53	862	862	862	
55	865	869	869	
57	868	869	869	
61	887	887	887	
<u>Def's</u>				
A	321		930	
B	485	485	485	
F	547	547	547	
J	585	585	585	
R	692	693	693	
S	694	696	696	